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APPROVED: Meeting No. 31-82

ATTEST:

MAYOR AND COUNCIL
ROCKVILLE, MARYLAND
MEETING NO. 28-82

July 19, 1982

The Mayor and Council of Rockville, Maryland, convened in general session in the Council Chamber, Rockville City Hall, Maryland at Vinson Street, Rockville, Maryland, on Monday, July 19, 1982, at 8:05 p.m.

PRESENT

Mayor Pro-tem John Tyner, II

Councilman Steve Abrams
(arrived at 8:10 p.m.)

Councilman Douglas Duncan

Councilwoman Viola Hovsepian

ABSENT

Mayor John R. Freeland
(travel leave)

The Mayor pro-tem in the Chair.

In attendance: City Manager Larry Blick; City Clerk Helen Heneghan; City Attorney Paul Glasgow; Director of Public Works Robert Goodin; Information Officer Sue M. Patterson; Director of Finance John Lawton; Budget Officer Anna Lee Berman; Director of Recreation and Park Ronald Olson; Assistant City Manager Daniel Hobbs; Superintendent of License and Inspection Paul Radauskas; Director of Community Development and Housing Assistance Douglas Horne; Director of Planning James M. Davis.

Re: City Manager's Report

Mr. Blick reported the following:

1. The City has advised homeowner, cooperative and condominium associations in the City, the Board of Realtors and the County Fire Association that a work session will be held by the Mayor and Council on July 26 regarding legislation to require open meetings by such associations.
2. Work was completed on the construction of the Carnation Drive storm water management facility.
3. The City has been told that the governor has sent a letter to the County Executive informing him that he has asked the attorney general to reexamine the Maryvale School issue pointing out that the circumstances in this case are unusual. Copies of the letter will be given to the Mayor and Council once it is received.

The Governor has also communicated these thoughts to the inter-agency committee.

Mayor pro-tem Tyner noted that he has finished his meetings with the Rockville Housing Authority but is continuing his research and hopes for a draft report for the Mayor and Council very soon.

Re: Correspondence

The Mayor and Council noted the following items of correspondence:

1. Mary Nails, re neighborhood problem

Councilwoman Hovsepian said she went by and inspected this area and a recreation vehicle parked there is a problem. It was her understanding that there was a regulation against it. The City Manager explained that recreation vehicles should be parked to the rear of the building line if it is possible. The second alternative is to place them in a driveway, but if neither of the first two conditions exist, it is permissible to park them in the street. He will ask the License and Inspection Department for a report. Mayor pro-tem Tyner suggested that the guidelines be printed in the City Newsletter and whatever the ruling, it should still be some distance from the driveway to provide access.

2. P. Ogburn, re fireworks
S. E. Day, re fireworks

Re: Citizen's Forum

The Mayor pro-tem opened the meeting to those citizens who wished to address the Mayor and Council:

1. Eric Tyner, Jennifer and Elisia Abrams presented their respective fathers with a birthday cake in honor of their birthdays.

2. George Curtis Pospisil, 915 Crawford Drive. Mr. Pospisil told the Mayor and Council that he asked them to consider the nuclear arms resolution and public disclosure of relocation and he also urged Mayor Freeland to vote with Mayor Abbott at COG. All of these requests were done at a previous meeting. He congratulated Councilman Abrams for the resolution he has submitted and he thanked Councilmembers Hovsepian and Tyner for their support. He said he was very satisfied with Rockville's representation at COG. Montgomery County spoke very well and the Washington Post misrepresented the City's presentation. Mayor Freeland did not vote against the resolution at COG and he is most anxious for citizen input. Mayor Freeland stated that there were those who were using a buzz word, unfamiliar with its meaning. Mr. Pospisil said the definition of the freeze is that the United States and the Soviet will stop developing, producing and deploying nuclear arms. He told the Council that the White House vigil is continuing.

3. Dov Krimgold, 507 Nelson Street. Mr. Krimgold spoke in favor of the Resolution on nuclear disarmament and spoke of the dangers that will come to America if it is not done. He expressed his pleasure in the fact that the City is having a public hearing and asked that it be advertised as widely as possible. He read from a letter that he passed in to the Mayor and Council last April.

4. Howard Silberstein, 2008 Dundee Road. Mr. Silberstein asked the Mayor and Council to make an effort to give blood at Children's Hospital now that they have opened their own blood bank. He pointed out how the giving of blood can sometimes save a life. On another matter, Mr. Silberstein suggested that the Mayor and Council introduce a resolution to amend the City's Charter, Article 3 Section 5. Mr. Silberstein read the amendment as he would like it to read. It addresses the resignation of a councilperson who runs for higher office and calls for an election to fill the vacated seat if there is more than 12 months remaining in the term. He asked the Mayor and Council to review this and act upon it since this would simplify the procedure. Councilman Abrams told Mr. Silberstein that he would certainly support this for a public hearing and work session on the Mayor and Council's agenda. It is his feeling that it merits consideration and should have a public forum or review and although he does not favor it, he will facilitate it.

5. Joseph Mazzetta, 19 Pitt Court. Mr. Mazzetta is President of the College Gardens Civic Association. He noted that a culvert exists behind his house and he asked that the Mayor and Council instruct the Public Works Department to consider a guard rail for both a safety factor and security.

There being no other citizen wishing to be heard, the Mayor pro-tem closed the citizen's forum portion of the meeting.

Re: Receipt of Annual Report
from the Planning Commission

Granville Paules, Chairman of the Planning Commission, distributed the report to the Mayor and Council and read to them excerpts from the Planning Commission letter. Mayor pro-tem Tyner thanked Chairman Paules for the report and for the Commission's work and noted that the report will be discussed at the work session Wednesday evening.

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Re: Review and Approval of
landscape plan for Gude Drive
(Rt. 355 to Piccard).

The project covers Gude Drive between Route 355 and Research Boulevard. It should be noted that this landscaping plan covers only the south side of Gude Drive between Route 355 and Piccard Drive. All other areas will not have earthen berms and will be landscaped with the standard street trees of 2½" diameter. The intent is to have two planting contracts. The first, Phase "A", will cover the landscaping plan depicted here plus the standard street trees for the north side of Gude Drive between Route 355 and Piccard Drive. The second, Phase "B" will cover the standard street trees on the section of Gude Drive west of I-270.

The staff recommends the following:

1. Approval of the landscaping plan.
2. Authorization of the expenditure of \$190,000.
3. Authorization to retain inspection services of the landscape architect.
4. Fencing not be installed.
5. The inclusion of the landscaping at the underdeveloped property on the east.
6. Alternately, if the Mayor and Council decide against "5" above, the Planning staff is directed to obtain the plantings through the "Use Permit" process, at the time the land develops and the expenditure authorization is reduced to \$165,000.

The Director of Public Works, Robert Goodin, and the Director of Recreation and Parks, Ron Olson, addressed the Council. Mr. Goodin told the Council the background of the project and the schedule of the meetings and preface of the project. Mr. Olson explained the types of trees that would be planted in the area and why. A question was asked as to the height of the berm and whether it would all be large enough to support some of the large trees. Mr. Goodin explained that there is flexibility in the project. Mayor pro-tem Tyner asked if the grass seeding is complete. Mr. Goodin said there had been some vandalism in the area and now that is being repaired so that the seeding will be complete.

On motion of Councilman Abrams, duly seconded and passed by unanimous vote of all present, the Mayor and Council approved the staff recommendations -- 1, 2, 3, 4, and 5.

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Re: Review of final plans for
the addition of an indoor
pool to the Municipal Swim
Center

Paula Wendt and Harry Dodge of the Pool Users Committee, presented material to the Mayor and Council, including a conceptual floor plan which was introduced by Ronald Olson, Director of Recreation and Park Department. The new pool will be built attached to the north end of the existing pool building. The west door of the new building will exit out onto the huge grass area adjacent to the outdoor pool. Staff recommends that the design be accepted. With the Council's approval, the new pool can be open in September of 1983.

On motion of Councilman Duncan, duly seconded and passed by unanimous vote of all present, the design was approved.

Re: Consideration of amendments
to the Community Development
Block Grant Loan/Grant Home
Improvements Program.

As a result of the closeout agreement with HUD regarding Community Development Block Grant funds and the CDBG Agreement with Montgomery County, approximately \$530,000 is available to continue the City's loan/grant home improvement program. Current HUD regulations require that in order to continue the home improvement program, the program must meet certain benefit tests. These benefit tests include obtaining market rate interests on CDBG fund deposits, lower than market rates on home improvement loans, and/or lower administrative costs for loan servicing fees. There is also a Federal requirement that the City enter into an agreement with one or more local lending institutions concerning program operations and administration.

Since 1975, the City has administered a loan/grant home improvement program through the use of the Community Development Block Grant (CDBG) funds. Over five hundred cases have been completed with a total contract value of \$2.2 million dollars, \$1,374,065 of which were CDBG funds. The rest of the funds came from the banks, homeowners, and County assistance.

Staff recommends extension of the current program with changes outlined below:

<u>A. Real Estate Mechanism</u>	<u>Current</u>	<u>Proposed</u>
Security of loans	All loans are secured to the extent of the loan guarantee fund	All loans in excess of \$2,5000 to have second mortgages.

Rationale: In order to prevent speculation, the program regulations would require that if the property is sold or transferred within five (5) years after date of final inspection, then a percentage of the City contribution would have to be repaid.

If the property is not sold or transferred within five years, then the loan would be forgiven and no repayment would be required.

B. <u>Limits</u>	<u>Current</u>	<u>Proposed</u>
Loan Amount	\$7,500	\$10,000
Grant Amount	\$6,000	\$ 7,500

Rationale: Staff recommends the increases in the loan/grant amounts. Due to inflation, increase in the prices of construction materials, and the increased age of the housing stock which requires more repairs. The banks have agreed to the proposed loan amount.

C. <u>Terms</u>	<u>Current</u>	<u>Proposed</u>	
		<u>First National</u>	<u>First Women's</u>
Interest Rate	16%	17%	16%
Years to repay (maximum)	7	10	7

Rationale: State law allows banks to charge up to 24% for home improvement loans. The banks have agreed to increase the loan amount and repayment period. The increased interest rate is due to market conditions. Currently, banks are charging from 18 to 21% of these loans. Staff recommends adoption of the new terms.

D. Income Limits and Interest Rates

<u>Current</u>	
<u>Income</u>	<u>Interest</u>
\$0 - \$ 7,500	Grant
\$7,501 - \$12,500	3%
\$12,501 - \$16,500	6%
\$16,501 - \$22,000	9%
\$22,001 - \$36,000	12%
<u>Proposed</u>	
<u>Income</u>	<u>Interest</u>
\$0 - \$ 9,500	Deferred Loan
\$9,501 - \$12,500	0%
\$12,501 - \$16,500	2%
\$16,501 - \$22,500	5%
\$22,501 - \$28,500	7%
\$28,501 - \$36,000	12%

Rationale: The proposed changes to the income limits and the lowering of the interest rates should make the home improvement program financially viable for more Rockville residents. In addition, it is realistic in the current economic situation to raise the maximum loan and grant amounts to keep up with inflation. Finally, these income limits are comparable to those used by Montgomery County.

ADMINISTRATION

The program will be administered by existing staff. One full time Home Improvement Specialist and one half time Loan Counselor are included in the program expenses. At present, expenses are estimated at \$45,000. Part of these costs would be paid out of interest earned on the lump sum deposit. There are no changes recommended in this area of the program.

ELIGIBILITY REQUIREMENTS

A. All owner-occupied, single-family dwellings within the City are eligible under this program. The following income limits shall apply:

<u>Adjusted Gross Income*</u>	<u>Interest Rate</u>	<u>Term</u>
\$0 - \$ 9,500	Deferred Loan	Not to
\$9,501 - \$12,500	0%	exceed
\$12,501 - \$16,500	2%	10 years
\$16,501 - \$22,500	5%	
\$22,501 - \$28,500	7%	
\$28,501 - \$36,000	12%	

* Deduct \$1,500 per dependent

Each case will be evaluated individually to determine repayment terms for borrowers based on gross household income defined as the verified gross income from all sources, including wages, investment income, social security, retirement, public assistance, disability, unemployment benefits, and any other assets of substantial nature.

Neither refinancing nor rental properties are eligible for the program.

ELIGIBLE ITEMS

Repairs will be made and loan funds used in conformance with the following order or priorities:

- A. Critical Code Deficiency - Deficiency which would endanger the health, and welfare of the household or nearby households, e.g. defective furnace, improper wiring, defective plumbing.
- B. Non-Critical Code Deficiency - A deficiency which does not constitute a major threat to the health, safety, and welfare of the occupant but which is still a deficiency, e.g., scaling paint, refinishing floors.
- C. Incipient Code Deficiency - A condition which is not in violation at the time of inspection but could become a deficiency in a short matter of time, e.g. aging roof.
- D. General Property Improvements - Anything beyond the minimum property standards.

BANK AGREEMENTS

In order to meet Federal requirements with regard to the participation of local banks and leveraging of money, proposals were invited from all banks within the City limits of Rockville. Responses were received from First National and First Womens Banks. A comparison of the proposals received by the First National and First Womens Banks for the leveraging program are shown below. This comparison assumes five (5) loans of \$5,000 each per month for eighteen (18) months, all subsidized from market rate to an average 5%. All administrative costs and loan advances are assumed to be equal in the two proposals.

QUANTITATIVE ANALYSIS

	<u>First National Bank</u>	<u>First Womens Bank of MD</u>
Bank funds committed to program	Upward to \$1,000,000	\$500,000
Market interest rate on loan	17%	16%
Interest rate paid to City on CDBG lump sum deposit balance	T-Bill less 1%	T-bill less 3%
Cost to City of subsidies paid to homeowners	\$238,140	\$216,594
Less interest received on open balance and guarantee loan fund	(\$62,593)	(\$53,999)
Net Cost	\$175,547	\$162,595

QUALITATIVE ANALYSIS

7 years experience with program	New to program
Maximum loan period of 10 years	Maximum loan period 7 years
Regional offices - Gaithersburg with Rockville branches	Minority bank based in Rockville

No clear advantage is displayed by the use of either bank in the comparison. Favorable to the First National Bank is the maximum loan term of ten (10) years as compared to seven (7) years by First Womens. A commitment of upward to \$1,000,000 by First National of its funds is a significant factor.

There are however advantages to utilizing both banks in the implementation of the program particularly since each bank is willing to agree to a division of the available CDBG funds for deposit in the rehabilitation loan fund. First of all, program participants would have a choice in their use of lending institutions. Second, the resources of two banks would be committed to the program. Third, use of both banks would provide the City with the services of a lending institution that has had seven years experience in the program (First National) and would also allow a City based, minority controlled bank with close community ties (First Womens Bank) to participate in a City program.

RECOMMENDATION

It is recommended that an agreement be finalized with the First National Bank of Maryland and the First Womens Bank of Maryland for their participation in the City's rehabilitation program. It is further recommended that the current rehabilitation program be continued utilizing the changes described above.

Mr. Radauskas explained in answering the Council's questions that the customer has the choice of choosing the bank, and the City will make up the difference. The bank that does have the higher rate has seven years experience with the City. Councilman Abrams asked if the City does business with either bank. Mr. Lawton explained it has minor accounts with both banks. In answer to Councilwoman Hovsepian's question, Mr. Radauskas explained that the City contributes the interest amount to a grant and is now proposing that the grant will go with the property. Eventually, the word "grant" will be changed to "deferred loan." Councilwoman Hovsepian said she knows there could be instances of people using the program when they are financially able to do it without the City's assistance. Mr. Radauskas said that is true, but it is almost impossible to weed out these people administratively.

On motion of Councilman Abrams, duly seconded and passed by unanimous vote of all present, the staff's recommendations were approved.

Re: Information Items

1. Memo re Federal regulations for State and Local Government Retirement Systems
2. Memo from Traffic and Transportation Commission re Fleet/Monroe intersection

3. Memo from L & I re Twinbrook Shopping Center

Councilwoman Hovsepian said although the shrubbery has been trimmed, there is debris on the sidewalk that should be removed. Also, the hedges were chopped instead of being trimmed and it is a mess. She suggested License & Inspection go back and look it over.

4. Memo from Traffic Engineer re sight distance at Forest/Beall

Councilman Abrams asked that copies of this memo be given to the property owners at the intersection.

5. Response to citizen complaint.

6. Preliminary draft of Town Center Parking Management Plan.

Councilwoman Hovsepian asked where the City stands on the current timetable. Mr. Horne said this is the first draft, but the City is right on schedule. Councilwoman Hovsepian asked if the timetable is reasonable to get the information to the public. Mr. Horne said the report will be ready in two weeks and will be given to the Council on August 16th. Councilwoman Hovsepian suggested that it be given to the Council earlier. Even though the Council is in recess, they could still have review material. Mayor pro-tem Tyner said the information the Council needs for decision is not here. Any assurance that private developers can do parking, information from the Chamber of Commerce, how big should the district be, what can the City do— all that information must be forthcoming. Councilman Abrams said he would like to see Urban Land Institutes' comments on downtown parking, distribute drafts of that, if available. Mayor pro-tem Tyner suggested all efforts be used to encourage people to appear at the public hearing but to ask for written comments prior to that. He also asks that the neighborhood parking permit districts be addressed as a special issue.

Re: Minutes

On motion of Councilman Abrams, duly seconded and passed by unanimous vote of all present, the Minutes of Meeting No. 25-82, June 14, 1982, were approved as written.

Re: Adjournment

There being no further business to come before the Mayor and Council, the meeting was adjourned 9:45 p.m., to convene again in work session on Wednesday, July 21, 1982, at 8 p.m.